

Wheat and Peace

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Wheat and Peace

Two years ago to a day Canada officially went to war although she had virtually been in the war alongside the Mother Country for ten days prior thereto.

In September of last year, after twelve months of conflict, the situation was grave, with the Battle of Britain in progress and in our minds the single thought that our job was to get on with the war.

Recent pronouncements by leading statesmen of the Democracies on both sides of the Atlantic, while still emphasizing the continued gravity of the situation, do strike one significant note.

The speakers all feel free to give time and thought to and to indicate with confidence a general post-war policy.

We may therefore with equal propriety give some thought today to the post-war problem of wheat.

That problem is one of the most important, and probably the most urgent, with which the Government of Canada will have to deal when the war is over and Victory won.

It is important because Canada's enormous stocks of wheat will sooner or later have to be disposed of.

It is urgent because failure on the part of Canada's representatives at the Peace Conference to grasp fully the significance of the effect of any suggested Peace Terms on the future of wheat may delay seriously—nay, may prevent—Canada's return to her rightful place in the wheat markets of the world.

Let us clearly understand at the outset that no plans for settlement of the wheat problem can leave out of calculation the rights of the United States, Australia and Argentina. If the right solution is found no favoured treatment need be sought or granted.

Lost Markets

In order to appreciate fully the problem of how to recover lost markets it is necessary to establish clearly what that loss has been.

In the years 1927-28 and 1928-29 Western Canada produced the two largest consecutive wheat crops in her history, namely one thousand million bushels. In those two years the exports of wheat and flour totalled seven hundred and forty million bushels.

In those same two years the other three large wheat growing countries exported nine hundred and fifty million bushels.

In the crop year before the present war the exports of wheat and flour from the Big Four shrank to four hundred and ninety-

six million bushels, as against a yearly average in the two years previously mentioned of eight hundred and forty-five million bushels.

This shrinkage in yearly exports of four hundred million bushels can be attributed to one specific cause, the widespread development of national self-sufficiency in Europe of which Naziism is the most virulent type.

Tariffs, embargoes, quotas and subsidies to native growers of wheat shut so many doors in Continental Europe that the exports of Canadian wheat and flour to that part of the world were in 1938-39 only fifty-one million bushels or less than one-fourth of what they were in 1927-28 and 1928-29.

And grasp this fact. Despite the large crops of thirteen and fourteen years ago and the active competition between the Big Four the average daily price of One Northern wheat in store Fort William-Port Arthur was \$1.46¼ and \$1.24⅛ per bushel respectively.

Let us now turn to our two-fold problem and see what solution can be offered.

Disposal of Surpluses

Prime Minister Churchill has stated publicly that Great Britain will be responsible for food supplies reaching the starving population in occupied countries when Victory is won and that the British Empire has the means to this end. Recent pronouncements suggest the inclusion of the peoples of Germany and Italy in this beneficence, but on certain specified conditions.

It is generally believed, it might be safer to say hoped, that European requirements on the conclusion of peace will absorb all the Big Four's then existing surpluses. Nobody of course knows now what these surpluses will be and their absorption may take more than one year.

Canada, however, should be prepared to offer her high quality surplus, all or in part, whatever that may then be, on one important condition, namely, that it be taken away as quickly as possible and shipped into every corner of Continental Europe, so that the people there may become quality and price conscious.

Thereafter the operation of natural democratic mental processes will induce growers to cease growing wheat on unsuitable land and revert to the production of other commodities for which their land is more suited.

Thus would be taken the first important step towards recovery of lost markets in Europe. But much more will remain to be done if these markets are to be retained and Canada is to be assured of being able to dispose of each year's crop of wheat within the crop year.

New Economic Order

Mr. Churchill has also stated that there will be established in Europe a new economic order which will permit all nations, large or small, to work out their own destiny along democratic lines.

The United States is now in the picture on the side of the Democracies and will undoubtedly play an important part in working out the necessary plans.

There can be no doubt as to the power of the Democracies to make these plans effective. Apart from their position as Victors they have the necessary economic and financial strength. Nevertheless it is going to take statesmanship of the highest order to achieve anything like success.

International trade is now generally regarded in democratic countries as the surest safeguard for peace. Those engaged in production, manufacture or commerce, have little thought or time for war. But those who talk glibly about it must grasp the fact that International trade means an exchange of goods for goods and that money is only the medium for effecting that exchange.

The fact may as well be faced now as ever that unless Canadians are prepared to pay out good Canadian dollars for the purchase of commodities or manufactured goods produced in Continental Europe there will be no supply of Canadian dollars in Continental Europe to pay for Canadian wheat.

Post War Objectives

Therefore the first objective should be to secure the abolition of all tariffs, embargoes, or quotas against Canadian wheat and also subsidies to native growers of wheat. In other words, establish wheat as a free-trade commodity in Europe at least.

Concurrently there should be a drastic revision downwards of Canada's tariff structure whether devised for revenue or protection. The peoples of Europe must be free to sell their goods to Canada if they are going to be able to buy Canadian wheat.

This may or may not tend to the disadvantage of some Canadian industries which at present are enjoying the privileges of a protective tariff.

Many hold the opinion that some such industries would be much more active and healthier, would serve the community better and more efficiently if they had to operate in open competition and not behind the comfortable shelter of a tariff wall.

It is obvious, however, that the interests of such industries as might be so affected are relatively small compared with all that a sound agricultural economy means to the Dominion as a whole.

In the name of the Exchange, therefore, and in the interest of the Dominion, representations supported by facts and reasoned

arguments have been consistently pressed upon the attention of the Government and its advisers during the past seven months.

The following points have been made in order that the Canadian delegates to the Peace Conference may be in a position to deal more effectively with the wheat problem:—

- A. That the post-war problem of wheat receive the continuous consideration of the Government and its advisers until the Peace Conference meets.
- B. That research be undertaken to ascertain what tariff arrangements with European countries might be made which would have the least disturbing effect on our industrial economy and customs and excise revenue.
- C. That in the group of expert advisers appointed to accompany the Canadian representatives to the Peace Conference there be included men with expert practical knowledge of the world's grain trade and Canada's place therein.

It has been further suggested that in the plans to be formulated for the new economic order in Continental Europe the following considerations should receive attention:

- 1. There should be no more building of armaments nor manufacture of the implements or munitions of war for offensive purposes. Expenditure for these purposes means diversion of money required for other more important purposes including the purchase of wheat.
- 2. The Democracies should supply such raw material as each country requires to produce those things that it can manufacture better and more effectively than others.
- 3. Each country should be encouraged to produce those commodities it is best fitted to furnish from its own natural resources.
- 4. Import tariffs against such manufactures and commodities should be reduced or abolished to permit of their sale abroad.
- 5. Wheat should be established as a free trade commodity to the end that the best wheat shall be produced at the cheapest price.
- 6. Some plan of Wage Boards or other bodies should be set up to ensure a decent standard of living among the working classes and so prevent unfair competition by unduly cheap labour.

While these ideas are offered in an endeavour to solve Canada's wheat problems, they might equally apply to the difficulties under which the other three large wheat exporting countries are labouring.

Broadly speaking the wheat economy is a world problem and must be treated as such.

Grain Exchange Functions Effectively

Meanwhile the facilities provided by the Exchange during the past year have functioned effectively.

The system of minimum prices originated in May of last year has continued. During the greater part of the past twelve months price levels have been above the minimum values and many millions of bushels of wheat have been sold in the open market.

All cash wheat which has been sold either by the farmer or by the Wheat Board has been sold through the medium of the Exchange.

All coarse grains, Oats, Barley, Flax and Rye, have traded normally through Exchange facilities.

The production of Corn has reached proportions that have brought a request to your Council to provide trading facilities in Corn on the Exchange and the matter is under consideration.

This must be somewhat disconcerting to those agitators who never tire of declaiming that the facilities of the Exchange have outlived their usefulness.

During the year, by arrangement with the Government and the Wheat Board, the elevator companies undertook to assist in meeting a serious shortage of storage space to house the country's enormous stocks of wheat, and temporary space to store fully 160 million bushels has been built.

Some shrinkage in the Great Lakes grain fleet has taken place. A number of the smaller boats are now in waters in the war zone, some are in the Atlantic coastal trade releasing other vessels for service in Europe, and some are in the American ore trade.

But throughout the year business has moved with remarkable smoothness despite these troubled times, all of which emphasizes the readiness and adaptability with which members of the grain trade meet extraordinary conditions.

Competition Versus "Planning"

In conclusion, let me remind you that the British Empire has been built up on trade. During four hundred years the genius of its people has spread its dealings into all quarters of the globe. It is that genius which has gone far towards establishing contentment among the many races which have come under its protective arm.

Napoleon called the inhabitants of those little islands which defied him a "nation of shopkeepers". They were of course much more than that as Napoleon found to his cost. Hitler has made the same blunder and he also will have his day of reckoning.

Competition is the life of trade and any measure of control, either of production or price or anything in the nature of a "planned" economy, will stifle competition. Such control or "planning" savours of that regimentation, almost of those totalitarian methods which are the very antithesis of that freedom of action and thought for which we are at grips with the Dictators.

Through the free play of open competition, which is a continual challenge to all of us in our daily tasks, the services which the members of the Exchange render through the facilities the Exchange provides have reached through the years a high pitch of efficiency and integrity.

Let us ever keep that high standard before us, always in the interests of our land, Canada, and we shall be able to face the future with confidence.

GEO. S. MATHIESON,

President, Winnipeg Grain Exchange

Appendix

WHEAT CROPS and EXPORTS of WHEAT and FLOUR (in millions of bushels)

	1927-1928		1928-1929		1938-1939	
	Crop	Exports	Crop	Exports	Crop	Exports
Canada	454	333	544	407	360	167
United States	878	204	902	160	932	114
Australia	118	75	160	111	155	94
Argentina	239	178	307	222	336	121
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	1689	790	1913	900	1783	496
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CANADA

Exports of Wheat and Flour to Europe (in millions of bushels)

	1927-1928	1928-1929	1938-1939
Belgium	35	37	10
Denmark	3	8	3
France	10	16	5
Germany	40	39	7
Greece	13	17	1
Italy	23	35	1
Netherlands	53	50	6
Norway	5	7	5
Portugal	2	9	—
Sweden	6	5	2
Spain	2	6	—
Others	13	6	11
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	205	235	51
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NOTE: These figures represent PORTS OF DESTINATION only.
 Considerable quantities reached Germany, Luxembourg,
 Switzerland, etc., through ports in other countries.

